

Growth Oriented Microenterprise Development Program Activity - (GMED)

In September, 2004 USAID/India signed a three year contract with ACDI/VOCA for a Task Order under the Accelerated Microenterprise Advancement Program – Business Development Services Area Program (AMAP-BDS) for the Growth Oriented Microenterprise Development Program (GMED) in selected states and sub-sectors in India.

Growth-oriented microenterprises have the ability to provide jobs and grow in scale, a process critical to India's development. Because the growth-oriented microenterprise sector is largely ignored, a number of entrepreneurs with the potential to grow are stifled at the point of self or only family employment. Growth-oriented enterprises (GMEs) sit between traditional micro-enterprises, in India largely defined as household income support, and small businesses. A growth-oriented microenterprise is dynamic and driven by motives of entrepreneurship, i.e., having potential for increasing economic opportunities, and creating jobs as well as increasing asset accumulation for resource-poor entrepreneurs. The successful ones have demonstrated potential of or have already graduated from being subsistence enterprises to being growth-oriented and have established linkages with the small and medium enterprises (SME).

The GMED program will help build financial, technical, and policy bridges that will enable owner-employee microenterprise to grow into job-creating small business. It focuses on building the technical, financial, and policy institutions and systems that will create an enabling environment for these growth-oriented micro enterprises (GMEs). The GMEs will be supported in three broad areas: (1) improved access to markets and ability to capture and maintain those markets; (2) improved access to financial services; and (3) an improved policy environment.

The program has been initiated under the USAID/India's Microenterprise Development Strategy. The project straddles Mission's Economic Growth Strategic Objective (SO) # 13 and Social Development Strategic Objective (SO) # 17 with specific focus on two Intermediate Results (IR) under these SOs. This activity however, is primarily managed and will be reporting under SO 13.

The program will implement an integrated strategy that focus on key constraints to GME growth in two key sub sectors, i.e., agri-business and services, particularly urban services, and in a minimum of two states selected out of the following - Maharashtra, Jharkhand, Rajasthan, Tamil Nadu and Uttaranchal. The proposed outcome of the program will be a set of institutions, systems, and a policy environment that provides a range of services to GMEs, including an array of business services – from market access to improved input supply, skills training and product design and/or development, organizational management - as well as improved access to financial services and an enabling environment that will allow them to operate profitably and competitively.

